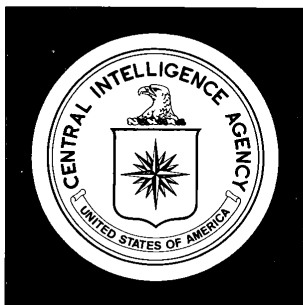




The President's Daily Brief

December 17, 1976

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[REDACTED]

[REDACTED]

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At Annex

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Soviet media treatment of the OPEC meeting has been sympathetic to the call for a price increase for oil, but higher oil prices will be a mixed blessing for the Soviets.

Soviet hard-currency earnings will rise because of the higher prices Moscow will be able to charge European importers for its oil. There have been reports that the Soviets were holding back on new oil delivery contracts with East European countries pending a decision in Qatar.

The Soviets will be hurt by higher Arab oil prices, although the quantities purchased from the OPEC countries are relatively small. The Soviet trade balance will feel the effects of any economic downturn in the West caused by an increase in world oil prices.

* * *

PALESTINIANS-ISRAEL:

Leaders of the Palestine Liberation Organization seem to be signaling their willingness to adopt a moderate approach to possible negotiations with Israel without committing themselves publicly to concessions that might deprive them of bargaining power.

At the meeting of the PLO's 42-man central committee this week, unidentified Palestinians apparently let it be known to the press that PLO chief Yasir Arafat was making a major effort to get the rest of the committee behind him in agreeing to accept a negotiated settlement.

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The committee's final communique, however, broke no new ground. Arafat may have judged it unwise to push the central committee on the issue. He faces possible challenges to his authority from both supporters of Syria--who are moderates--and from the extremists who object to any softening of the PLO line.

If a meeting of the Palestine National Council is held early next year, the PLO will presumably return to a discussion of negotiating positions.

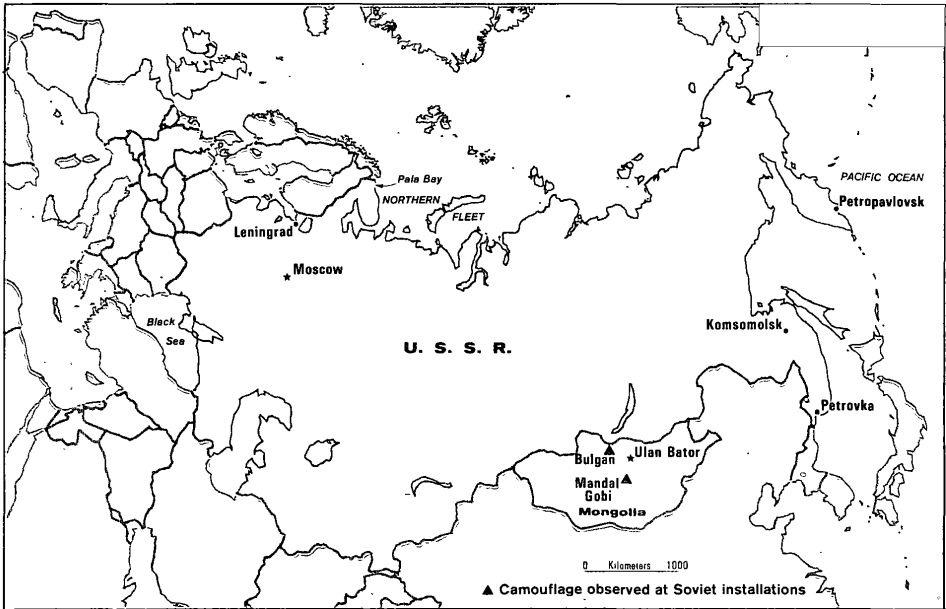
A meeting of the PNC, the Palestinian "parliament," is long overdue and widely considered imminent, but there are some indications that Arafat is in no hurry to see it held. The rejectionist fedayeen groups have promised to attend a council meeting, and Arafat presumably fears a concerted effort to oust him.

Israeli leaders are for now disregarding the PLO signals in the belief that the Palestinians do not in fact have anything of substance to offer that would satisfy Israeli demands.

The Israelis also continue to hope that their refusal to deal with the PLO will eventually force the organization's Arab patrons to back off from support for Palestinian statehood. Several Israeli officials have expressed confidence to the US embassy that most Arab states do not want a strong PLO and that, in the final analysis, no Arab state will mortgage progress on its own territorial issues to the interests of the Palestinians.

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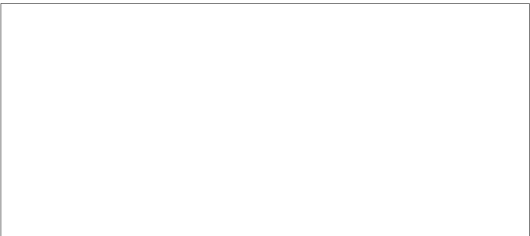
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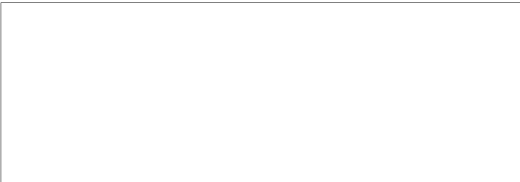
On the procedural ques-
tion of PLO represen-
tation at the Geneva
conference, the Israe-
lis still insist that
they will not nego-
tiate with the organi-
zation, but they are
giving mixed signals
on the feasibility of
dealing with a joint
Arab delegation.



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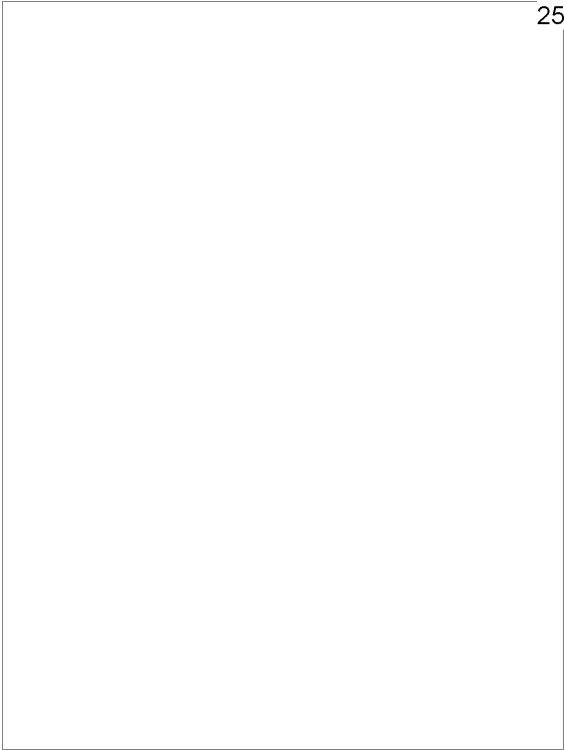


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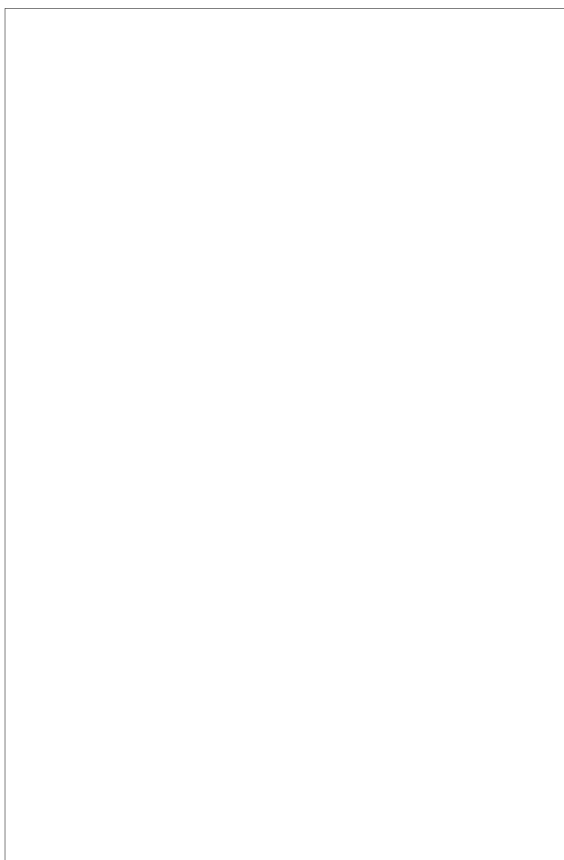
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French President Giscard announced yesterday that France will no longer sell nuclear spent-fuel reprocessing plants to developing countries.

The announcement apparently will not affect the planned sale of a reprocessing plant to Pakistan, although the French would apparently welcome a Pakistani decision to cancel the contract.

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